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93RD ASSEMBLY DISTRICT

February 24, 2010

Testimony on Assembly Bill 745
Student Credit Protection Act
Assembly Committee on Colleges & Universities

Dear Committee Members,

Thank you for listening to my comments today on Assembly Bill 745 (AB 745) the Student Credit Protection Act. I authored this bill along with Chairman Hixson to help students stay out of credit card debt. This consumer protection bill is driven by a desire to help college students make sound financial decisions.

According to a recent national study from a college-financing company, the average college student has 4.6 credit cards, and seniors graduated with an average credit card debt of more than \$4,100 in 2008. The study also found that more than 75 percent of college students incurred finance charges by carrying a monthly balance and 84 percent of undergraduates indicated they needed more education on financial management topics.

The Student Credit Protection bill is intended to help students avoid predatory tactics from credit card companies that encourage students to sign up for cards they don't need and can't afford. We are not interested in replicating new federal credit card requirements or complicating curriculum at Wisconsin colleges and universities.

Our focus is much simpler: help students avoid credit card debt. Based on our discussions with relevant interests, restricting credit card companies access to students, and financial literacy are the best means to that end.

We are aware the UW System has taken steps to address the issue of credit card marketing on campus and that banks and credit unions offer some financial literacy. But we are still seeing college students struggle with credit card debt.

Since its inception, we have brought in stakeholders like the UW System, the Wisconsin Bankers Association, and the Wisconsin Credit Union League to discuss the most efficient, effective, and responsible way to reach that goal. We do anticipate changes being made to the bill draft and we are working on a substitute amendment to address some of the concerns raised among stakeholders.



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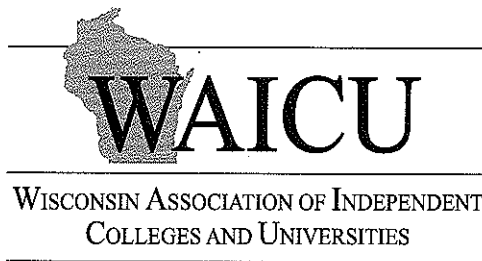
I'd like to briefly offer a preview of what you can expect to see in a substitute amendment in the near future. Consider this an open invitation to talk to either of us about any changes you'd like us to review.

TOPICS FOR AMENDMENT

- **PAGE 3 LINE 21** Clarification related to what colleges & universities may and may not with respect to open records request to obtain Student directory information. In conversations with the drafter it is clear that there is a way for the UW System to limit student information given to credit companies while remaining in compliance with the open records law.
 - *"SECTION 3. 38.12 (14) (b)(1) Each district board may not do any of the following:
1. Sell or otherwise provide to a credit card issuer the names, postal addresses, or electronic mail addresses of students."*
- **PAGE 5 LINE 1** We will have further discussion on the conditions of receiving credit outlined in that section. We do not want to restrict access to credit but we again want students to be given the appropriate information needed to make sound financial decisions.
 - *(2) EXTENSIONS OF CREDIT TO UNDERAGE CUSTOMERS. (a) No credit card may be issued to, or open-end credit plan established by or on behalf of, a customer who has not attained the age of 21, unless the customer has submitted a written application to the credit card issuer that meets the requirements of par. (b).*
- **PAGE 6 LINE 20** Per discussion with the UW System this section will likely change. Our intent is to develop a way to certify that students are receiving financial literacy information. We recognize limitations on our ability to restrict dangerous credit card offers being marketed students but we are in a position to help students get important financial literacy information. The UW System has been clear that the approached outlined in Section 4, 4. 5. is too big a "hammer." We appreciate their input as well as the Bankers and Credit Unions on way to provide students financial literacy information.

(4) FINANCIAL LITERACY. (a) Each institution of higher education shall provide to students on its Internet Web site information about financial literacy. If an institution of higher education offers an on-campus orientation program to new students, the institution shall also provide the information to students during the course of the orientation.
ASSEMBLY BILL 745 SECTION 5
(b) No institution of higher education may allow a student enrolled at the institution to enroll in a subsequent semester, quarter, or term, unless the student completes an online tutorial on financial literacy that the institution makes available on an Internet Web site of the institution.

ALVERNO COLLEGE
BELOIT COLLEGE
CARDINAL STRITCH UNIVERSITY
CARROLL UNIVERSITY
CARTHAGE COLLEGE
CONCORDIA UNIVERSITY
EDGEWOOD COLLEGE
LAKELAND COLLEGE
LAWRENCE UNIVERSITY
MARIAN UNIVERSITY



MARQUETTE UNIVERSITY
MILWAUKEE INSTITUTE OF ART & DESIGN
MILWAUKEE SCHOOL OF ENGINEERING
MOUNT MARY COLLEGE
NORTHLAND COLLEGE
RIPON COLLEGE
ST. NORBERT COLLEGE
SILVER LAKE COLLEGE
VITERBO UNIVERSITY
WISCONSIN LUTHERAN COLLEGE

TESTIMONY
on
2009 Assembly Bill 745

By
Dr. Rolf Wegenke, President
Wisconsin Association of Independent Colleges and Universities

Assembly Committee on Colleges and Universities

February 24, 2010

Chairperson Hixson and members of the committee, my name is Rolf Wegenke. I am the president of the Wisconsin Association of Independent Colleges and Universities, or WAICU, representing the 20 private colleges and universities in Wisconsin and their more than 60,000 students.

The growth in the student debt because of so-called private loans and credit cards is a growing problem. All WAICU members counsel students against "mortgaging their future."

For example at one of our colleges, financial literacy is included of as part of a broader set of eight curricular "wellness dimensions" that students must complete before graduation. The financial literacy component includes such things as understanding debt and credit.

Another of our members integrates financial literacy into the first-year experience with a program that itself has been incorporated into the chapter of a college textbook, "Your College Experience: Strategies for Success."

Student debt is a growing problem and to successfully address it will take a multi-pronged approach including education in financial literacy, cost-saving strategies by the colleges themselves, and a commitment by the state and federal governments to invest in financial aid for students. We look forward to working together with the bill's sponsors and our colleagues in the UW System and Technical College System to make sure Wisconsin is doing everything it can to promote financial literacy and a bright future for our students.

I would be happy to answer any questions you may have.



Bill Position
Board of Regents - University of Wisconsin System
2009-10 Legislative Session

Senate Bill 121

**Establishing a Career Conversations Program at the
UW-Madison Center on Education and Work**

LEGISLATION

(Lassa/Berceau) This bill requires the Center on Education and Work (CEW) at the University of Wisconsin-Madison's School of Education to establish a "Career Conversations" pilot program for students enrolled in grades 7 to 12. The program engages students in webcam conversations about careers with individuals in this state who have careers in math, science, agricultural education, technology education, or information technology. The program would be housed within WISCareers, a career information website run by the CEW.

The bill requires the center to develop criteria for choosing the classrooms that may participate in the program during a pilot period ending on May 15, 2010.

The bill also requires the center to evaluate the effectiveness of the program during the pilot period in promoting careers the above-mentioned fields. In addition, the center must submit a report on the program to the legislature, the Department of Public Instruction, the Department of Workforce Development, and the Department of Commerce.

UW SYSTEM POSITION

SUPPORT: This legislation advances two important objectives by encouraging middle and high school students to critically examine potential career options and by promoting career fields in high demand in Wisconsin.

This "Career Conversations" pilot is based on a similar program in North Dakota that brings representatives from high-wage/high-demand occupations directly into the classroom via webcam video.

Due to its existing collaborations with employers and schools, along with its technological capabilities, WISCareers has the ability to integrate "Career Conversations" into its current website at minimal cost. However, the bill's numerous reporting requirements will require the school to incur some additional administrative costs.

*went into effect
2/22/10*

SUMMARY

"THE CREDIT CARD ACCOUNTABILITY RESPONSIBILITY AND DISCLOSURE ACT"

The CARD Act of 2009

May 19, 2009

Prevents Unfair Increases in Interest Rates and Changes in Terms

- Prohibits arbitrary interest rate increases and universal default on existing balances;
- Requires a credit card issuer who increases a cardholder's interest rate to periodically review and decrease the rate if indicated by the review;
- Prohibits credit card issuers from increasing rates on a cardholder in the first year after a credit card account is opened;
- Requires promotional rates to last at least 6 months.

Prohibits Exorbitant and Unnecessary Fees

- Prohibits issuers from charging a fee to pay a credit card debt, whether by mail, telephone, or electronic transfer, except for live services to make expedited payments;
- Prohibits issuers from charging over-limit fees unless the cardholder elects to allow the issuer to complete over-limit transactions, and also limits over-limit fees on electing cardholders;
- Requires penalty fees to be reasonable and proportional to the omission or violation;
- Enhances protections against excessive fees on low-credit, high-fee credit cards.

Requires Fairness in Application and Timing of Card Payments

- Requires payments in excess of the minimum to be applied first to the credit card balance with the highest rate of interest;
- Prohibits issuers from setting early morning deadlines for credit card payments;
- Requires credit card statements to be mailed 21 days before the bill is due rather than the current 14.

Protects the Rights of Financially Responsible Credit Card Users

- Prohibits interest charges on debt paid on time (double-cycle billing ban);
- Prohibits late fees if the card issuer delayed crediting the payment;
- Requires that payment at local branches be credited same-day;
- Requires credit card companies to consider a consumer's ability to pay when issuing credit cards or increasing credit limits.

Provides Enhanced Disclosures of Card Terms and Conditions

- Requires cardholders to be given 45 days notice of interest rate, fee and finance charge increases;
- Requires issuers to provide disclosures to consumers upon card renewal when the card terms have changed;
- Requires issuers to provide individual consumer account information and to disclose the period of time and total interest it will take to pay off the card balance if only minimum monthly payments are made;
- Requires full disclosure in billing statements of payment due dates and applicable late payment penalties.

Strengthens Oversight of Credit Card Industry Practices

- Requires each credit card issuer to post its credit card agreements on the Internet, and provide those agreements to the Federal Reserve Board to post on its website;
- Requires the Federal Reserve Board to review the consumer credit card market, including the terms of credit card agreements and the practices of credit card issuers and the cost and availability of credit to consumers;
- Requires Federal Trade Commission rulemaking to prevent deceptive marketing of free credit reports.

Ensures Adequate Safeguards for Young People

- Requires issuers extending credit to young consumers under the age of 21 to obtain an application that contains: the signature of a parent, guardian, or other individual 21 years or older who will take responsibility for the debt; or proof that the applicant has an independent means of repaying any credit extended;
- Limits prescreened offers of credit to young consumers;
- Prohibits increases in the credit limit on accounts where a parent, legal guardian, spouse or other individual is jointly liable unless the individual who is jointly liable approves the increase;
- Increases protections for students against aggressive credit card marketing, and increases transparency of affinity arrangements between credit card companies and universities.

Enhanced Penalties

- Increases existing penalties for companies that violate the Truth in Lending Act for credit card customers.

Gift Card Protections

- Protects recipients of gift cards by requiring all gift cards to have at least a five-year life span, and eliminates the practice of declining values and hidden fees for those cards not used within a reasonable period of time.

Encourages Transparency in Credit Card Pricing

- Requires the GAO to study the impact of interchange fees on consumers and merchants, specifically their disclosure, pricing, fee and cost structure.

Protects Small Businesses

- Requires the Federal Reserve to study the use of credit cards by small businesses and make recommendations for administrative and legislative proposals;
- Establishes Small Business Information Security Task Force to address the information technology security needs of small businesses and help prevent the loss of credit card data.

Promotes Financial Literacy

- Requires comprehensive summary of existing financial literacy programs and development of strategic plan to improve financial literacy education.



February 23, 2010

Members of the Assembly Committee on Colleges and Universities
Wisconsin Legislature
State Capitol

Dear Members of the Assembly Committee on Colleges and Universities:

The Wisconsin Alumni Association (WAA) is proud to offer a variety of programs and services to alumni, students, fans and friends of the University of Wisconsin-Madison. As you consider the proposed Student Credit Protection Bill, we wanted to provide you some background about our alumni credit card program.

Through an affinity partnership with Bank of America, WAA offers the only official UW-Madison branded credit card. A card has been offered since 1990, and the majority of cardholders are UW alumni. The card is not marketed to students.

Royalties on the card support programs and services for alumni, students and friends, such as career services, lifelong learning programs, nearly 100 alumni chapters and our award-winning magazines.

Included in the suite of programs and services we offer are several student financial education programs. If people choose to use a credit card, this is a way to support WAA and programming for alumni and students at the same time.

Program Details

The contract that governs this program is between Bank of America and the Wisconsin Alumni Association, a nonprofit organization independent from the university. The contract was renewed in 2008 and expires in 2015. WAA receives an annual payment, a small fixed fee for each active account and a percentage of the total credit card retail activity. The university does not receive payment.

Combined royalties from our affinity partners make up about 21 percent of WAA's revenue, and are important sources of support for alumni programs. We take care to work only with partners that offer products and services we believe will be valuable to UW alumni, and we focus our efforts on offering this program to alumni, fans and friends of UW-Madison.

Student Marketing

Under WAA's agreement with Bank of America, this credit card is not directly marketed to students at UW-Madison. While the card was marketed to students through direct mail in years past, we have discontinued these marketing activities in line with national trends.

It's important to note that in the past, WAA and Bank of America did not actively market the card to students on campus. We respect policies in Wisconsin Administrative Code 18 and 21 that prohibit commercial soliciting activities. Bank of America has limited rights to solicit credit card holders on-site during events associated with intercollegiate athletics at Camp Randall Stadium and the Kohl Center, and these events are largely attended by alumni and fans.

Financial Education for UW Students

Financial education has long been among the services that WAA and our Wisconsin Alumni Student Board provide to students, and we offer three major financial education programs to students each year:

CashCourse.org: Available to all UW students, WAA offers CashCourse.org, through a partnership with the National Endowment for Financial Education® (NEFE). It's the only private, nonprofit, national foundation wholly dedicated to improving the financial well-being of all Americans. We're proud to have NEFE president and CEO Ted Beck as a member of WAA's national Board of Directors.

CashCourse.org offers all UW students free, credible advice on curricular and extra- student expenses and issues, including financial aid, budgeting, housing, managing credit and debit card, applying for jobs and assessing job offers and hundreds of other financial topics. As Beck says:

"The Wisconsin Alumni Association was a leader in providing early support and feedback as NEFE created the CashCourse program. WAA was the first organization to launch CashCourse, and two years later, the program is now in 369 colleges, universities and community colleges in 48 states. We believe it's the largest program of its kind in the country. The program is non-commercial – it is purely to provide information and knowledge to students. WAA was way ahead of the curve in its responsible behavior and has the best interest of the students in mind."

This program is promoted to students during the academic year and is available through uwalumni.com/students.

Financial Independence: Offered by the Wisconsin Alumni Student Board each spring, the weekend Financial Independence seminar presents students an opportunity to gain free and unbiased financial advice from UW alumni and professors.

The Financial Independence program includes information about choosing investment options and selecting and allocating investments; saving for retirement and other important life events; understanding credit score models and how to improve credit records; managing student loans and other debts; and overviews about how students could be impacted by today's economy.

Financial expert and UW School of Business lecturer Ron Smith '65, MS'71 provides key leadership for the program and offers free, 30-minute financial counseling sessions for students at WAA's offices throughout the semester. He has assisted nearly 200 students in recent years. After receiving assistance through the program, one graduate wrote: "I wanted to thank you for calming my fears and helping me learn more about being financially independent ... The future seems so much brighter, and I feel a lot more confident going out into the world now."

The program's success is outlined in the enclosed recent report, produced by the Filene Research Institute.

For Students and Parents: In cooperation with the UW Credit Union, WAA has also sponsored "Keys to Financial Success in College," a session presented to students and parents at summer registration and at First-Year Parents Weekend. The session includes tips on budgeting, how to build a solid credit history and ways to avoid identity theft and scams. Students also have the opportunity to talk one-on-one with financial advisers.

Thank you for your interest and support of the programs that WAA offers for alumni and students. We hope this information about WAA's UW-branded credit card program is helpful as you consider the Student Credit Protection Bill. If you have any questions about this matter, please contact Mary DeNiro, WAA's vice president for marketing and communication, at (608) 263-7545, or Mike Fahey, WAA's senior director for state relations, at (608) 263-2645.

Sincerely,

A handwritten signature in cursive script that reads "Paula Bonner".

Paula Bonner MS'78
President and CEO



WBA Government Relations

4721 South Biltmore Lane • Madison, WI 53718 • Ph: 608-441-1200 • Fax: 608-661-9381 • www.wisbank.com

Helpful Financial Literacy Sites

Federal Reserve's **NEW** Credit Card Website: www.federalreserve.gov/creditcard

Wells Fargo Financial Literacy Website: https://www.wellsfargo.com/about/csr/fin_ed/

Wisconsin Department of Financial Institutions Website: www.finlitwi.org

Wisconsin DPI Financial Literacy Standards (page 26)
<http://dpi.wi.gov/standards/pdf/pfl.pdf>

FDIC Money Smart site: <http://www.fdic.gov/CONSUMERS/CONSUMER/moneysmart/>

Jump\$tart Coalition: <http://www.jumpstart.org/index.cfm>

CPAs: <http://www.360financialliteracy.org/>

Take Charge America: <http://www.takechargeamerica.org/>

VISA/Practical Money Skills for Life <http://www.practicalmoneyskills.com/index.php>

My Money Management: <http://www.mymoneymanagement.net/>

Money Instructor: <http://www.moneyinstructor.com/creditcards.asp>

Creditcards.com: <http://www.creditcards.com/credit-card-news/cards-teach-kids-children-consumers-1267.php>

Creditcardforkids.com: <http://www.creditcardforkids.com/>

XXX Bank Credit Card Account Statement
Account Number XXXX XXXX XXXX XXXX
February 21, 2012 to March 22, 2012

Page 1 of 2

Summary of Account Activity

Previous Balance	\$535.07
Payments	-\$450.00
Other Credits	-\$13.45
Purchases	+\$529.57
Balance Transfers	+\$785.00
Cash Advances	+\$318.00
Past Due Amount	+\$0.00
Fees Charged	+\$69.00
Interest Charged	+\$10.89

New Balance \$1,784.53

Credit limit \$2,000.00
Available credit \$215.47
Statement closing date 3/22/2012
Days in billing cycle 30

QUESTIONS?

Call Customer Service 1-XXX-XXX-XXXX
Lost or Stolen Credit Card 1-XXX-XXX-XXXX

Payment Information

New Balance \$1,784.53
Minimum Payment Due \$53.00
Payment Due Date 4/20/12

Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a \$35 fee and your APRs may be increased up to the Penalty APR of 28.99%.

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of...
Only the minimum payment	10 years	\$3,284
\$62	3 years	\$2,232 (Savings=\$1,052)

If you would like information about credit counseling services, call 1-800-XXX-XXXX.

Please send billing inquiries and correspondence to:
PO Box XXXX, Anytown, Anystate XXXXX

Notice of Changes to Your Interest Rates

You have triggered the Penalty APR of 28.99%. This change will impact your account as follows:

Transactions made on or after 4/9/12: As of 5/10/12, the Penalty APR will apply to these transactions. We may keep the APR at this level indefinitely.

Transactions made before 4/9/12: Current rates will continue to apply to these transactions. However, if you become more than 60 days late on your account, the Penalty APR will apply to those transactions as well.

Important Changes to Your Account Terms

The following is a summary of changes that are being made to your account terms. For more detailed information, please refer to the booklet enclosed with this statement.

These changes will impact your account as follows:

Transactions made on or after 4/9/12: As of 5/10/12, any changes to APRs described below will apply to these transactions.

Transactions made before 4/9/12: Current APRs will continue to apply to these transactions.

If you are already being charged a higher Penalty APR for purchases: In this case, any changes to APRs described below will not go into effect at this time. These changes will go into effect when the Penalty APR no longer applies to your account.

Revised Terms, as of 5/10/12

APR for Purchases	16.99%
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XXX Bank Credit Card Account Statement
Account Number XXXX XXXX XXXX XXXX
February 21, 2012 to March 22, 2012

Page 2 of 2

Transactions 7				
Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
5884186PS0388W6YM	2/22	2/23	Store #1	\$133.74
854338203FS8000Z5	2/25	2/25	Pymt Thank You	\$450.00-
564891561545KOSHD	2/25	2/26	Store #2	\$247.36
1542202074TWWZV48	2/26	2/26	Cash Advance	\$318.00
4545754784KOHUIOS	2/27	3/1	Balance Transfer	\$785.00
2564561023184102315	2/28	3/1	Store #3	\$34.32
045148714518979874	3/4	3/5	Store #4	\$29.45
0547810544898718AF	3/15	3/17	Store #5	\$72.25
Fees 8				
9525156489SFD4545Q	2/23	2/23	Late Fee	\$35.00
84151564SADS8745H	2/27	2/27	Balance Transfer Fee	\$23.55
256489156189451516L	2/28	2/28	Cash Advance Fee	\$10.90
TOTAL FEES FOR THIS PERIOD				\$69.45
Interest Charged				
Interest Charge on Purchases				\$6.31
Interest Charge on Cash Advances				\$4.58
TOTAL INTEREST FOR THIS PERIOD				\$10.89
2012 Totals Year-to-Date 9				
Total fees charged in 2012				\$90.14
Total interest charged in 2012				\$18.27

Interest Charge Calculation 10			
Your Annual Percentage Rate (APR) is the interest rate on your account.			
Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge
Purchases	14.99% (v)	\$512.14	\$6.31
Cash Advances	21.99% (v)	\$253.50	\$4.58
Balance Transfers	0.00%	\$637.50	\$0.00
(v) = Variable Rate			

1) Summary of account activity

A summary of the transactions on your account--your payments, credits, purchases, balance transfers, cash advances, fees, interest charges, and amounts past due. It will also show your new balance, available credit (your credit limit minus the amount you owe), and the last day of the billing period (payments or charges after this day will show up on your next bill).

2) Payment information

Your total new balance, the minimum payment amount (the least amount you should pay), and the date your payment is due. A payment generally is considered on time if received by 5 p.m. on the day it is due. If mailed payments are not accepted on a due date (for example, if the due date is on a weekend or holiday), the payment is considered on time if it arrives by 5 p.m. on the next business day.

Example: If your bill is due on July 4th and the credit card company does not receive mail that day, your payment will be on time if it arrives by mail by 5 p.m. on July 5th.

3) Late payment warning

This section states any additional fees and the higher interest rate that may be charged if your payment is late.

4) Minimum payment warning

An estimate of how long it can take to pay off your credit card balance if you make only the minimum payment each month, and an estimate of how much you likely will pay, including interest, in order to pay off your bill in three years (assuming you have no additional charges). For other estimates of payments and timeframes, see the [Credit Card Repayment Calculator](#).

5) Notice of changes to your interest rates

If you trigger the penalty rate (for example, by going over your credit limit or paying your bill late), your credit card company may notify you that your rates will be increasing. The credit card company must tell you at least 45 days before your rates change.

6) Other changes to your account terms

If your credit card company is going to raise interest rates or fees or make other significant changes to your account, it must notify you at least 45 days before the changes take effect.

7) Transactions

A list of all the transactions that have occurred since your last statement (purchases, payments, credits, cash advances, and balance transfers). Some credit card companies group them by type of transactions. Others list them by date of transaction or by user, if there are different users on the account. Review the list carefully to make sure that you recognize all of the transactions. This is the section of your statement where you can check for unauthorized transactions or other problems.

8) Fees and interest charges

Credit card companies must list the fees and interest charges separately on your monthly bill. Interest charges must be listed by type of transaction (for example, you may be charged a different interest rate for purchases than for cash advances).

9) Year-to-date totals

The total that you have paid in fees and interest charges for the current year. You can avoid some fees, such as over-the-limit fees, by managing how much you charge, and by paying on time to avoid late payment fees.

10) Interest charge calculation

A summary of the interest rates on the different types of transactions, account balances, the amount of each, and the interest charged for each type of transaction.